

Audit



Report

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OFFICE OF THE INSPECTOR GENERAL

ARMY ACQUISITION PLANNING FOR
DEPOT MAINTENANCE

Report No. 96-096

April 17, 1996

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Department of Defense

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Acronyms

DMI	Depot Maintenance Inter-Servicing
DSOR	Depot Source of Repair
EMD	Engineering, Manufacturing, and Development
JDMAG	Joint Depot Maintenance Analysis Group
MISMO	Maintenance Inter-Service Support Management Office
MISO	Maintenance Inter-Service Support Office
MLRS	Multiple-Launch Rocket System
PLS	Palletized Load System



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



April 17, 1996

**MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION
AND TECHNOLOGY
AUDITOR GENERAL, DEPARTMENT OF THE ARMY**

**SUBJECT: Audit Report on Army Acquisition Planning for Depot Maintenance
(Report No. 96-096)**

We are providing this report for information and use. This report is the first of two reports on acquisition planning for fielding weapon systems. We considered comments on a draft of this report in preparing the final report.

Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore no additional response is necessary.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. James L. Koloshey, Audit Program Director, at (703) 604-8961 (DSN 664-8961) or Mr. Eddie J. Ward, Audit Project Manager, at (703) 604-8966 (DSN 664-8966). See Appendix G. for report distribution. The audit team members are listed inside the back cover.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Office of Inspector General, DoD

Report No. 96-096
(Project No. 5AG-0027.00)

April 17, 1996

Army Acquisition Planning for Depot Maintenance

Executive Summary

Introduction. Planning for fielding new or upgraded weapon systems should be initiated in the early stages of the acquisition cycle. A key aspect of planning for materiel fielding includes identification of the most efficient and effective means of depot support capability. The Secretary of Defense directed program managers to include other Service depots in their supportability analyses through use of the Joint Logistics Commanders' Depot Maintenance Inter-Servicing Program.

Audit Objective. The audit objective was to determine the adequacy of the Services' acquisition planning for fielding of weapon systems. Specifically, the audit determined whether acquisition managers adequately developed and implemented plans to ensure the effective transition of weapon systems to the user. At the end of the audit survey phase, the audit scope was modified to include only Army major weapon systems that were in engineering, manufacturing, and development or production phases (Appendix A). We further modified the objective to evaluate planning for depot support.

Audit Results. Army combat units receiving new or upgraded weapon systems were generally satisfied with the overall handoff of the systems. When deficiencies occurred, program managers had established plans to resolve the deficiencies (Appendix C). However, we reviewed 19 systems that required depot support. For 12 of the 19 systems, planning for depot maintenance assignment was generally inadequate. Program managers did not give the DoD Joint Depot Maintenance Analysis Group data needed to conduct source of repair analyses. As a result, the Army may be unnecessarily incurring costs in technical data, plant, and support equipment. Although DoD policy is to increase depot maintenance outsourcing in the future, a systematic process for choosing the best support option for each weapon system needs to be maintained.

Recommendations in this report, if implemented, will help the Army increase savings by utilizing the Joint Depot Maintenance Analysis Group during acquisition planning. For example, the Group reported that DoD realized savings of about \$65.9 million (FYs 1992 through 1995) by conducting depot maintenance inter-Servicing analysis, thus avoiding unnecessary costs for technical data and plant support equipment. Similar benefits may accrue if depot maintenance inter-Servicing analyses are conducted for all appropriate systems. Appendix E summarizes the potential benefit of the audit.

Summary of Recommendation. We recommend that the Assistant Secretary of the Army for Research, Development, and Acquisition assign the major subordinate

command's Maintenance Inter-Service Office as a member of the Program Integrated Product Team to assist program managers in depot maintenance inter-Servicing planning.

Management Comments. We received comments to a draft of this report from the Deputy Assistant Secretary of the Army for Plans, Programs and Policy, within the offices of the Assistant Secretary of the Army for Research, Development, and Acquisition. The Army concurred in principle with the finding, but did not fully agree with the recommendation. The Army offered an alternate action which meets the intent of our recommendation and promptly informed its Program Executive Officers of the audit results. See Part I for a summary of management comments and Part III for the complete text of management comments.

Audit Response. We consider the Army's comments to the draft report and its planned actions in response to our recommendation to be responsive.

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Part I - Audit Results

Audit Background

Depot Maintenance Policies. A joint regulation incorporating each Service's policies provides the overall guidance for identifying Depot Maintenance Inter-Servicing (DMI) candidates. The policy requires that DoD Components acquiring weapon systems that will require depot maintenance initiate the Depot Source of Repair (DSOR) assignment process within 90 days of the weapon system's Engineering, Manufacturing, and Development (EMD) contract award. Army Materiel Command Regulation 750-10, "Logistics Depot Maintenance Inter-Servicing," June 1, 1988, provides the Army guidance for identifying DMI candidates and executing the DSOR assignment process.

Public Versus Private Depot Maintenance. DoD maintenance policies have allocated depot-level maintenance between the public and private sectors in a ratio of 60 and 40 percent, respectively, in support of a core depot maintenance requirement. The core maintenance requirement is the minimum capability maintained within public depots to meet readiness and sustainability requirements as defined by the Joint Chiefs of Staff. The Army's core requirements include a wide range of weapon systems and components of which we analyzed nine systems (Appendix D). DoD is presently considering greater private sector involvement in depot maintenance.

Depot Source of Repair. The DSOR planning and assignment process starts during supportability assessments and continues into detailed planning and coordination throughout the EMD phase. In the past, each Service established its individual depot maintenance capabilities. However, the Secretary of Defense did not consider this method as being cost-effective since similar workloads duplicated efforts. In 1990, the Secretary of Defense emphasized the value of depot maintenance inter-Servicing, whereby one Service provides depot maintenance support for another Service, and directed the Services to increase their efforts in this area.

Joint Depot Maintenance Analysis Group (JDMAG). In accordance with the above direction, the JDMAG, a joint-Service organization under the Joint Logistics Commanders, conducts depot maintenance inter-Service studies and recommends depot source of repair assignments to the Maintenance Inter-Service Support Management Offices. The DSOR process includes all new system or equipment acquisitions or modification programs requiring depot maintenance support.

The DMI process starts with the program manager who identifies the weapon system's components or subsystems that require depot maintenance and had not been previously assigned for depot maintenance. Once identified, these candidates are forwarded to the JDMAG for analysis and recommendation.

Audit Objective

The audit objective was to determine the adequacy of the Services' acquisition planning for fielding weapon systems. Specifically, the audit determined whether acquisition managers adequately developed and implemented plans to ensure the effective transition of weapon systems to the user (Appendix C discusses the effectiveness of the handoff process). At the end of the survey, we refined our objective to evaluate the adequacy of Army planning for depot maintenance support. We also evaluated management controls as they related to the audit objective (Appendix A).

Depot Maintenance Inter-Servicing

Planning for depot maintenance assignment for new or upgraded major weapon systems was generally inadequate for 12 of the 19 Army weapon systems reviewed. Program managers did not give the DoD Joint Depot Maintenance Analysis Group data needed to initiate depot maintenance inter-Servicing assessments. The Assistant Secretary of the Army for Research, Development, and Acquisition has not provided sufficient oversight, resources, or training to ensure program managers comply with mandatory depot source of repair assignment guidance. As a result, the Army may be incurring unnecessary costs in technical data and plant support equipment and is not putting funds to best use.

Depot Planning

To assess compliance with the DMI requirement, we selected 25 major weapon systems that were in the EMD or production phase of their acquisition cycle. Six of the 25 did not have new DMI requirements. Of the remaining 19, twelve programs with depot requirements did not conduct mandatory DMI assessments while the remaining seven programs conducted the mandatory DMI assessments (Appendix D).

Systems Without DMI Assessments. Program managers for 12 programs did not conduct proper DMI assessments during their supportability evaluations. Although depot assignments were made, the program managers did not follow proper procedures in the decisionmaking process. We conducted an in-depth review of management actions on three programs that were representative of the 12 systems.

Multiple-Launch Rocket System (MLRS). The MLRS is a free flight, area-fire, artillery rocket system that consists of a launcher, two disposable pods containing six rockets each, a fire control system, and an azimuth position reference unit. The MLRS initial configuration entered the production phase in the early 1980s. The JDMAG studied the initial configuration and assigned the MLRS to the Red River and Pueblo Army Depots in 1981. The MLRS is currently completing a major modification to improve its fire control system and extended-range missile capability. An EMD contract for fire control system improvements was awarded in 1992.

The JDMAG reported that the MLRS Program Manager did not submit DMI candidates for study during the modification program. In addition, other events

directly impacted the MLRS program. For example, in 1988, the Defense Base Closure and Realignment Commission recommended that all MLRS workload be assigned to the Red River Army Depot.

The JDMAG said that Base Closure and Realignment Commission decisions to assign the MLRS workload to the Red River Army Depot did not exempt the MLRS Program Manager from submitting pertinent summary data on the improvement effort to update the JDMAG files. MLRS program officials said they have not addressed any inter-Servicing issues since they were not aware of the requirement to conduct the DMI assessments.

Avenger. The Avenger is a pedestal-mounted Stinger missile system that uses a high mobility multipurpose wheeled vehicle as a platform and includes a remote control unit. The Avenger, a nondevelopmental item acquisition, was approved for limited production in April 1987. The system achieved First Unit Equipped status in September 1991.

The JDMAG reported the Avenger system has not been studied for DSOR assignment although the Stinger missile was previously studied and assigned in 1979. Avenger program officials said they were not aware of DMI assessment requirements. The Avenger is planned for depot maintenance at the Army depot in Anniston, Alabama.

Palletized Load System (PLS). The PLS is an ammunition-hauling tactical wheeled truck and trailer combination with integral self-load/unload capability. The PLS program is a nondevelopmental item acquisition with initial prototype contracts having been awarded in September 1988. The program is currently in full-rate production.

The PLS Program Manager did not conduct the prescribed DSOR assignment evaluation to determine whether any DMI candidates existed even though the program's Integrated Logistics Support Plan dated October 1993 indicated that depot maintenance work requirements were being developed to support overhaul of the engine, transmission, and transfer gear case. The Plan also showed that depot maintenance would be primarily production-line oriented and would be performed by selected military and civilian commodity-oriented organizations. PLS program officials said they were not aware of the requirement to initiate DSOR assignments.

Systems With DMI Assessments. Although program managers for seven programs conducted the required DMI assessments, only two of the seven assessments were initiated within the required 90 days after EMD contract award date. In most instances, program managers' submissions to the JDMAG were so late that the studies were not useful in the depot selection process. For example, program managers' initiation of the DMI assessment process for six of the seven systems ranged from 2 to 67 months after EMD contract award with an overall average lapse time of 40 months. Program managers could not justify the untimely submissions.

Oversight and Coordination

Maintenance Inter-Service Support Office (MISO). The MISOs, Components of the U.S. Army Materiel Command, were not operating in full compliance with Army maintenance inter-Servicing policies. A MISO is located within each major subordinate command. The MISO is generally part of the command's materiel management office and serves as the command's focal point for implementation of the DMI program and other inter-Service support requirements. Program managers were not cooperating with MISOs since the Program Managers did not provide pertinent data on DMI candidates.

The MISOs negotiate and coordinate the preparation, implementation, and review of DMI assignments, decisions, and agreements affecting their commands. The MISOs also maintain liaison with other DMI organizations, monitor the inter-Service program, and resolve problems. MISOs are also required to maintain an active file for each inter-Service agreement affecting their command. Finally, MISOs are to alert program managers as to when to initiate the DMI process. The effectiveness of the MISOs varied among the major subordinate commands.

Army Communications-Electronic Command. At the Army Communications-Electronic Command, Fort Monmouth, New Jersey, the MISO staff could not provide complete DMI status on many acquisition programs in process. We found the MISO files were either incomplete or nonexistent.

Army Missile Command. At the Army Missile Command, Redstone Arsenal, Alabama, the MISO staff was attempting to maintain accountability and control over DMI action items. The staff was quite knowledgeable of the DMI process; however, they felt somewhat ineffective due to lack of cooperation from most weapon system acquisition managers.

Army Tank-Automotive and Armaments Command. At the Army Tank-Automotive and Armaments Command, Warren, Michigan, the MISO was practically nonoperational. Essential staffing had not been provided to allow the activity to function effectively. Also, we did not find adequate oversight or monitoring of the DMI process. Additionally, the MISO was not properly maintaining pertinent files on active DMI agreements.

Maintenance Inter-Service Support Management Office (MISMO). Headquarters, Army Materiel Command, Alexandria, Virginia, which serves as the Army MISMO, was not operating effectively. The MISMO is the Service's focal point for continuity and standardization of depot maintenance inter-Service policies and procedures within the Army and the other Services. Responsibilities include formulating policy guidance and procedures for implementation of the DMI program, coordinating inter-Servicing actions, and providing oversight of the Army DMI program. Additionally, the MISMO tracks cost avoidances resulting from DMI decisions.

Although the MISMO was aware of inter-Servicing problems within the major subordinate commands, the MISMO lacked the authority to direct program

managers to prepare and provide the necessary data in a timely manner. Such authority lies with the Assistant Secretary of the Army for Research, Development, and Acquisition, who has not provided the proper oversight and coordination of the DMI process.

Cost Avoidance

When properly executed, the DMI process provides significant cost benefits to the DoD. The Army Audit Agency Report Number NR 92-211, "Audit of Contract Depot Maintenance," September 30, 1992, noted that each DMI study results in an average cost avoidance of about \$0.5 million to DoD (Appendix B). Extending this rationale to the 12 systems that did not perform the DMI process, the Army missed a \$6.0 million cost avoidance opportunity.

The JDMAG reported that from FYs 1992 through 1995, DoD realized savings of about \$65.9 million from DMI studies by avoiding expenditures on duplicative technical data and plant support equipment. Also, the JDMAG reported that millions more dollars could be saved if Army acquisition officials complied with established depot maintenance assignments planning policies.

Summary

Prior Army Audit Agency FY 1992 audit reports (Appendix B) showed program managers' noncompliance with the DSOR assignment process. Our results showed that 63 percent of the acquisition programs reviewed were still not in compliance with the mandatory DSOR assignment process to ensure effective use of depot capability. Since the Army has not improved the overall DMI process based on the earlier reporting, DoD has not avoided costs that an effective DSOR assignment process could achieve.

Although DoD is currently pursuing widespread private sector participation in depot maintenance, complete privatization is not likely in the near future. Further, DoD needs to consider the impact of privatization on existing core depot maintenance requirements. Therefore, the JDMAG depot maintenance

coordination will still be required. One method of attaining this input would be to assign a Maintenance Inter-Service Office representative as a member of each program office's Integrated Product Team.

Recommendation, Management Comments, and Audit Response

We recommend that the Assistant Secretary of the Army for Research, Development, and Acquisition assign the major subordinate command's Maintenance Inter-Service Office as a member of the Program Integrated Product Team to assist the program manager in depot maintenance inter-Servicing planning.

Management Comments. The Deputy Assistant Secretary of the Army for Plans, Programs, and Policy, within the Office of the Assistant Secretary of the Army for Research, Development, and Acquisition, concurred in principle with the recommendation. The Army did not consider it appropriate to direct program managers to assign specific members to working level and Program Integrated Product Teams.

However, the Deputy Assistant Secretary for Plans, Programs and Policy sent a memorandum to the Army Program Executive Officers informing them of the audit's finding and stressing the need for program managers to include personnel from the major subordinate command's MISO on appropriate Integrated Product Teams. The Army also plans to discuss the program manager's responsibility in the DSOR process in either the Acquisition Deskbook or upcoming revision of Department of the Army Pamphlet 70-3, "Army Acquisition Procedures." The Army expects to accomplish this action during the fourth quarter of FY 1996. In addition, the MISMO will conduct on-site briefings concerning the DSOR process to both program offices and Materiel Support Personnel.

Audit Response. The Army's reply and proposed actions meet the intent of our recommendation.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope

Initially, we selected weapon systems in the Army, Navy, and Air Force that were in the engineering and manufacturing development or production phase between October 1993 and February 1995. At the end of the audit survey phase, we modified the audit scope to include only major Army weapon system programs in this first phase of the audit.

Methodology

We reviewed documentation and guidance dated between February 20, 1987, and September 1995 that were pertinent to the fielding of 10 weapon systems. We also reviewed 25 systems for depot maintenance inter-Servicing. We interviewed military personnel at the corps, division, and battalion levels. We also interviewed cognizant personnel within various offices of the Secretary of Defense, Secretary of the Army, Army Staff, Army major subordinate commands, and the Joint Depot Maintenance Analysis Group.

We performed this program audit from December 1994 through November 1995 in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD. We did not use computer-processed data or statistical sampling procedures for this audit. Appendix F lists the organizations visited or contacted.

Management Control Program

DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987, requires DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the management controls. Inspector General DoD, Report No. 96-028, "Implementation of the DoD Management Control Program for Major Defense Acquisition Programs," November 28, 1995, concluded that the acquisition community had not effectively integrated DoD Management Control Program requirements into its management assessment and reporting process. The report made recommendations to the Under Secretary of Defense for Acquisition and Technology and the Under Secretary of Defense (Comptroller) to correct the situation. The recommendations were incorporated in DoD Regulation 5000.2,

March 15, 1996, "Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs."

The Army did not implement existing management controls to ensure the most cost effective depot maintenance concept. Program managers were unaware of the need to conduct DMI assessments. Implementation of the recommendation will improve management controls over the DMI assignment process by ensuring that program managers know the requirement to conduct DMI assessments and that cognizant matrix support personnel are part of the program office's Integrated Product Team.

Appendix B. Summary of Prior Audits and Other Reviews

The General Accounting Office and the Office of the Inspector General, DoD, have not issued reports within the last 5 years addressing planning for the fielding of weapon systems to active combat units. The Army Audit Agency issued three reports that addressed acquisition managers' participation in the Joint Logistic Commanders' Depot Maintenance Inter-Servicing Program.

Report Number NR 92-211, "Contract Depot Maintenance," September 30, 1992, stated the Army Materiel Command had not effectively implemented the depot maintenance inter-Servicing program. The report estimated that about 82 percent of the systems were not introduced as inter-Servicing candidates. The report made several recommendations to the Commander, Army Materiel Command, to improve the management and control over the inter-Servicing program. The Army Materiel Command concurred with all recommendations and revised existing depot maintenance policies to correct noted deficiencies.

Report Number NR 92-208, "Contract Depot Maintenance, Fort Monmouth, New Jersey," June 26, 1992, stated the Army Communications-Electronic Command did not submit most of 113 systems in engineering and manufacturing development or production phase to the Army Materiel Command as candidates for inter-Servicing depot maintenance support. The report made several recommendations to the Commander, Army Communications-Electronic Command, to improve the overall depot maintenance inter-Servicing process. The command concurred with the recommendations but did not agree with the monetary benefits. The command initiated organizational changes.

Report Number CR 92-200, "Contract Depot Maintenance, U.S. Army Missile Command," January 29, 1992, stated the Army Missile Command had not coordinated with the Joint Analysis Group early in the planning phase to determine the availability of inter-Servicing depot maintenance as a source of repair. The report recommended the Commander, U.S. Army Missile Command, establish improved depot maintenance inter-Servicing procedures. The command concurred with the recommendation and revised existing depot maintenance procedures.

Appendix C. Other Matters of Interest

Combat units were generally satisfied with the handoff of the initial 10 systems evaluated (Appendix D). Personnel interviewed at receiving units reported that weapon systems were generally supportable and operational when fielded. When systems had deficiencies, program managers had established plans to resolve the deficiencies. Program managers were generally effective in planning for the handoff of weapon systems; however, planning for the fielding of two weapon systems to the Army War Reserve Prepositioned Afloat did not meet established DoD policies.

Program managers did not completely plan for fielding the Palletized Load System and the Paladin to the Army War Reserve Prepositioned Afloat. They did not prepare Materiel Fielding Plans that addressed issues unique to shipboard storage and distribution of these weapon systems to combat units. The program manager for the Palletized Load System was not provided sufficient leadtime to properly plan the fielding to the Army War Reserve Prepositioned Afloat. The product manager for the Paladin initiated the development of a Materiel Fielding Plan that addresses unique issues relative to storage of the Paladin aboard ship; however, this plan should also address special tools, parts, and manuals needed to unload and distribute the weapon systems to combat units.

Appendix D. Joint Depot Maintenance Analysis Group Studies

Audit approach used to identify systems that conducted DMI studies:

- o We initially evaluated 10¹ systems to assess the Joint Depot Maintenance Analysis Group studies.
- o We added 15 systems for a total of 25 systems.
- o Six of the 25 systems did not have a depot maintenance requirement.
- o We reviewed 19 systems for DMI studies.

Systems Without DMI Studies

Army Tactical Missile System Anti-personnel Materiel

Avenger ^{1,2}

Bradley ²

Family of Medium Tactical Vehicles

Guard Rail Common Sensor

Kiowa Warrior ²

Apache Longbow (AH-64D) ²

MLRS Modification Program ^{1,2}

Palletized Load System ^{1,2}

Patriot Advanced Capability Improvement ²

Secure Mobile Anti-jam Reliable Terminal

Single Channel Anti-jam Manportable Terminal

¹Ten systems evaluated to assess the Joint Depot Maintenance Analysis Group studies.

²Army core systems.

Systems With DMI Studies

M1A2 Abrams Tank ^{1,2}

Armor Gun System

Brilliant Anti-armor Submunition

Forward Area Air Defense Command and Control Ground Base Sensor ¹

Joint Surveillance Target Attack Radar System Ground Station Module

Javelin ¹

Paladin ^{1,2}

Systems With No Depot Maintenance Requirement

Army Data Distribution System

Army Tactical Command and Control System

Combat Service Support Control System

Hellfire II ¹

Maneuver Control System ¹

Single Channel Ground and Airborne Radio System ¹

Appendix E. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and Type of Benefit
p. 4	Compliance with Regulations and Laws. Ensures compliance with guidance requiring DMI studies on new weapon systems and major upgrades or modifications.	Undeterminable amounts of funds put to better use in Operations and Maintenance, Army.*

*Based on prior Army Audit Agency reviews, savings will be realized from the implementation of DMI studies; however, such savings are not quantifiable until the DMI studies are done.

Appendix F. Organizations Visited or Contacted

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology, Arlington, VA
Deputy Under Secretary of Defense for Logistics, Arlington, VA
Director, Operational Test and Evaluation, Arlington, VA

Office of the Joint Staff

Joint Staff, Arlington, VA
Director of Logistics, Arlington, VA
Director of Management, Arlington, VA
Director of Operations, Arlington, VA

Department of the Army

Assistant Secretary of the Army for Installations, Logistics, and Environment,
Arlington, VA
Assistant Secretary of the Army for Research, Development, and Acquisition,
Arlington, VA
Inspector General, Department of the Army, Arlington, VA
Deputy Chief of Staff for Logistics, Arlington, VA
Deputy Chief of Staff for Operations and Plans, Arlington, VA
U.S. Army Materiel Command, Alexandria, VA
U.S. Army Training and Doctrine Command, Fort Monroe, VA
U.S. Army Forces Command, Fort McPherson, GA
U.S. Army Tank and Automotive Command, Warren, MI
U.S. Army Communications-Electronics Command, Fort Monmouth, NJ
U.S. Army Missile Command, Redstone Arsenal, AL
Logistics Support Activity, Redstone Arsenal, AL
Picatinny Arsenal, NJ
U.S. Army Aviation and Troop Support Command, Saint Louis, MO
U.S. Army Materiel Systems Analysis Activity, Aberdeen Proving Ground, MD
Combined Arms Support Command, Fort Lee, VA
Combined Arms Center, Fort Leavenworth, KS
Fort Bliss, TX
U.S. Army Air Defense Artillery School
Training and Doctrine Command System Manager Forward Area Air Defense
Logistics Assistance Office

Appendix F. Organizations Visited or Contacted

Department of the Army (Cont'd)

3rd Armored Cavalry Regiment
Fort Bragg, NC
Logistics Assistance Office
18th Airborne Corps
Fort Sill, OK
Training and Doctrine Command System Manager for Cannons
Logistics Assistance Office
3rd Corps Artillery
24th Infantry Division, Fort Stewart, GA

Department of the Navy

Assistant Secretary of the Navy for Research, Development, and Acquisition,
Washington, DC
Assistant Chief of Naval Operations, Surface Warfare, Washington, DC
Director, Test and Evaluation and Technology Requirements, Washington, DC
U.S. Naval Air Systems Command, Arlington, VA
U.S. Naval Sea Systems Command, Arlington, VA
Naval Operational Test and Evaluation Force, Norfolk, VA
U.S. Marine Corps Deputy Chief of Staff for Programs and Resources, Arlington, VA
U.S. Marine Corps Systems Command, Quantico, VA
U.S. Marine Corps Expeditionary Policies Branch, Arlington, VA
U.S. Marine Corps Maritime and Geographic Prepositioning Section, Arlington, VA

Department of the Air Force

Deputy Assistant Secretary of the Air Force for Acquisition, Arlington, VA
Air Force Materiel Command, Wright-Patterson Air Force Base, OH
Deputy Chief of Staff for Logistics, Arlington, VA

Other Defense Organizations

Joint Depot Maintenance Analysis Group, Dayton, OH
Defense Logistics Studies Information Exchange, Fort Lee, VA

Appendix G. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
Deputy Under Secretary of Defense (Logistics)
Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Assistant Secretary of the Army (Financial Management and Comptroller)
Assistant Secretary of the Army for Research, Development and Acquisition
Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, National Security Agency
Director, Joint Depot Maintenance Analysis Group

Appendix G. Report Distribution

Non-DoD Organizations

Office of Management and Budget

U.S. General Accounting Office, National Security and International Affairs Division,
Technical Information Center

Chairman and ranking minority member of each of the following congressional
committees and subcommittees:

Senate Committee on Appropriations

Senate Subcommittee on Defense, Committee on Appropriations

Senate Committee on Armed Services

Senate Committee on Governmental Affairs

House Committee on Appropriations

House Subcommittee on National Security, Committee on Appropriations

House Committee on Government Reform and Oversight

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House Committee on National Security

Part III - Management Comments

Deputy Assistant Secretary of the Army for Plans, Programs and Policy Comments



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH DEVELOPMENT AND ACQUISITION
103 ARMY PENTAGON
WASHINGTON DC 20310-0103



REPLY TO
ATTENTION OF

14 MAR 1996

SARD-RP

Inspector General
Department of Defense
ATTN: Auditing (Mr. James L. Koloshey)
400 Army Navy Drive
Arlington, Virginia 22202-2884

Dear Mr. Koloshey:

The Office of the Assistant Secretary of the Army (Research, Development and Acquisition) has reviewed Draft Audit Report No. SAG-0027.00, Army Acquisition Planning for Depot Maintenance, dated February 9, 1996, and provides the following comments:

Recommendation: The Assistant Secretary of the Army (Research, Development and Acquisition) (ASA(RDA)) assign the major subordinate command's Maintenance Inter-Service Office as a member of the Program Integrated Product Team to assist the Program Manager (PM) in depot maintenance inter-service planning.

Comment: Concur in principle. The draft audit report clearly indicates the value of the depot maintenance inter-servicing process and the key role played by the Maintenance Inter-Service Support Office (MISO) in that process. We agree that Program Managers must place increased emphasis on depot source of repairs planning. However, it is inappropriate for the ASA(RDA) to direct program managers to assign specific members to working level and program Integrated Product Teams (IPTs). The revised DoD 5000 series documents

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Deputy Assistant Secretary of the Army for Plans, Programs and Policy Comments

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charge the program manager with the responsibility to establish IPTs as required to facilitate program execution. We intend to inform the acquisition community of the audit's finding and encourage program managers to include the MISO on appropriate IPTs.

To this end we have sent the attached memorandum to Program Executive Officers for distribution to Program Managers. We plan to ensure this topic's continued visibility by including a discussion of the Program Managers's responsibility in the Depot Source of Repair (DSOR) process in either the Acquisition Deskbook or upcoming rewrite of Department of the Army Pamphlet 70-3, Army Acquisition Procedures. We expect to accomplish this action during the fourth quarter of fiscal year 1996. The U.S. Army Material Command's Maintenance Inter-Service Support Management Office is complementing our efforts by conducting on-site briefings concerning the DSOR process to both program office and matrix support personnel.

Point of contact for this action is LTC Samson extension 695-0606 or fax (703) 697-4603.

Sincerely,



KEITH CHARLES

Deputy Assistant Secretary
for Plans, Programs and Policy

Attachment

Deputy Assistant Secretary of the Army for Plans, Programs and Policy Comments



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH DEVELOPMENT AND ACQUISITION
103 ARMY PENTAGON
WASHINGTON DC 20310-0103



REPLY TO
ATTENTION OF

14 MAR 1996

SARD-RP

MEMORANDUM FOR PROGRAM EXECUTIVE OFFICERS

SUBJECT: DoD Inspector General Audit, "Army Acquisition
Planning for Depot Maintenance"

A February 9, 1996 DoD Inspector General (IG) audit report finds that the Army generally does not conduct adequate planning for depot maintenance assignments. Fiscal Year 1992 Army Audit Agency audit reports referenced by the DoD IG reflect similar findings. The DoD IG audit report recommends that the Maintenance Inter-service Support Office (MISO) be represented in program office Integrated Product Teams (IPTs).

Program Managers initiate the Depot Source of Repair (DSOR) process by identifying weapon system components or subsystems requiring depot maintenance to their supporting MISO. The MISO serves as the focal point for implementing the depot maintenance assignment process through coordinating with the Joint Depot Maintenance Analysis Group (JDMAG). The JDMAG conducts depot maintenance inter-service and contractor support studies and recommends source of repair assignments. This process provides significant cost benefits to DoD by avoiding expenditures on duplicative technical data and plant support equipment.

Changes in the DoD 5000 series documents and DoD initiatives to increase private sector participation in depot maintenance do not diminish the viability of the

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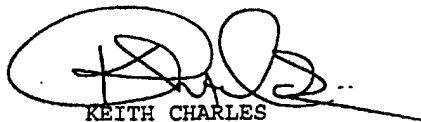
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Deputy Assistant Secretary of the Army for Plans, Programs and Policy Comments

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DSOR process. Program managers should consider MISO membership on appropriate IPTs. MISO participation can assist program managers in depot maintenance inter-service planning and result in cost avoidance opportunities for the Army.

My POC for this action is LTC Bryan Samson,
SARD-RP, DSN 225-0506 or fax (703) 697-4603.

A handwritten signature in black ink, appearing to read 'K. Charles', is written over a circular stamp. The signature is fluid and cursive.

KEITH CHARLES
Deputy Assistant Secretary
for Plans, Programs and Policy

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INTERNET DOCUMENT INFORMATION FORM

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C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #): OAIG-AUD (ATTN: AFTS Audit Suggestions)
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